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## Growing green?: co-creating an evidence-based model of SME engagement

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### Growing green?: co-creating an evidence-based model of SME engagement

Keywords: climate change, communication, environmental sustainability, policy, SMEs, values

- **Topic:** This paper reports on our experiences in running a pilot ESRC Impact Acceleration Account (IAA) project that addresses the issue of 'sustainable growth' by engaging SME owners and managers in facilitated workshop discussions on this important, yet highly contested topic. If the UK and other countries are to meet their carbon reduction obligations, it is clear that SMEs will need to make significant, and in some cases radical changes, not only in terms of their day-to-day operational practices but also in their longer-term trajectories. However, policymakers face substantial obstacles in communicating with this audience, including: the scale and diversity of the SME population, competing priorities, competitive pressures and resource constraints. This project combines published research on SMEs, their growth processes and environmental behaviours, with specialist expertise in SME engagement and climate change communication.
- **Aim:** The multi-partner collaboration is designed to co-create new knowledge on environmentally sustainable growth in SMEs. Its primary aim is to help SMEs and intermediaries gain a better understanding of sustainable growth and its implications for their businesses. The team designed and trialled an innovative approach engagement, based on facilitated workshop discussions, creating an initial evidence base that will be coupled with a set of practical recommendations. The project builds on the academic and external partners' complementary research insights into SMEs, organisational growth, climate change communication, energy use and associated policy-making. By incorporating the expertise of the practical insights of practitioners and intermediary organisations, the project seeks to initiate a vigorous knowledge exchange about the conceptualisation and practical application of sustainable growth.
- **Methodology:** Prior to engaging with SMEs, the team conducted a review of the literature on sustainable growth, which informed the engagement phase of the project. We also conducted a small survey of SME owners and managers and engaged in an informal consultation with stakeholders that informed the design and contents of the pilot workshops. Two half-day workshops were organised with SME owner and manager participants, facilitated by the communications specialists, Climate Outreach, and drawing on previous engagement projects with hard to reach groups. The workshops provided a forum for participants to engage in grounded, 'peer to peer' discussion about sustainable growth, expressed in their own terms and drawing on their own values and narratives. Audio recording of the workshops provided the basis for a thematic analysis, which has been combined with the other sources to construct this working paper.
- **Contribution:** The project is generating new insights into SME perspectives on sustainable growth that are grounded in relevant theory and evidence, coupled with practical tools that will be of value to practitioners and policymakers. The project team has also developed audio-visual resources, which will be used to raise awareness and help to provide the foundations for future engagement activity. The aim of the next phase of the project is to further refine this approach to engagement in the form of a more fully developed 'toolkit' and associated resources.

## Introduction

Small and medium sized enterprises (SMEs) may not have the same environmental footprints as corporate businesses, but they have a key role to play in addressing climate change and other environmental issues. A recent European Commission study reports that SMEs are responsible for 64% of the overall environmental impact in the EU, including greenhouse gases (Calogirou *et al.* 2010); in the UK, SMEs are thought to be responsible for more than half of business energy use (DECC 2015).

This paper reports on an ESRC Impact Acceleration Award 'Kickstarting Impact' project that seeks to generate fresh insights into environmental sustainability for business practitioners and policymakers and to make a practical contribution to the UK government's efforts to meet its carbon emissions targets. The project draws on the research expertise of a multi-disciplinary team working in the fields of entrepreneurship, innovation, energy use, environmental sustainability and climate change communication. Working in conjunction with local enterprise support organisations, the team has engaged SME owners, managers, and intermediaries on the theme of sustainable growth, drawing on a commissioned literature survey, a small online survey, informal consultations with relevant stakeholders and two facilitated workshops. Participants were able to learn from one another and exchange ideas and experiences and inspiration about how to reshape their business in a more sustainable way. By combining the specialist skills and knowledge of the of project partners, the team is now in a position to further refine their engagement model and pinpoint the narrative approaches that can result in more effective communication with this audience.

The next section provides a brief summary of recent debates in relation to the 'limits to growth', with particular reference to the potential role of SMEs in a steady state economy. This is followed by overviews of the online survey, the pilot workshops and a preliminary analysis of the main themes emerging from the discussions. The concluding discussion reflects on the main outcomes and potential contribution of the project to policy and practice, along with key limitations and an indication of the next phase of the project.

### The literature survey – SMEs and 'limits to growth'

There multiple interpretations of the entrepreneurial growth process, extending from macro-economic analyses to explorations at an organisational and inter-organisational levels (Achtenhagen *et al.* 2010; Clarke *et al.* 2014). The Club of Rome's (1972) report, *The Limits to Growth*, used systems modelling to argue that without a shift to an equilibrium model of stable and limited levels of population and capital, there would be catastrophic system collapse. To prevent this, they argued for limits on population, reduced capital use, and other related changes, for example, shifts from manufacturing to services. Technology and innovation could not, in their view, be the saviours of continuing economic 'maximisation', but should rather contribute to improving quality of life, as well as the productivity of available capital or in adjusting to resource depletion. However, it is noteworthy that the only comments in this macro-analysis about the implications for business, were that 'corporations' would still succeed or fail under these modified conditions. This book spawned a host of commentary, much focused on the over-pessimism of its authors about the potential for innovation and markets to respond to and ameliorate problems, as well as the lack of detail of any transition. In 2004, three of the original authors produced a 30-year update (Meadows *et al.*, 2004), which argued that, 30 years on, we were already in overshoot, echoing the more recent work of Rockström *et al.* (2009) on different ecological limits. This multi-authored paper noted that markets and technology were, "unlikely to prevent overshoot and collapse" since they, "are merely tools to serve goals of society as a whole [...] In short, society develops technologies and markets that hasten a collapse instead of preventing it."

Herman Daly, one of the fathers of ecological economics, focused specifically on the impact and limits of resource use with the necessity of creating a 'steady-state' economy. *Beyond Growth* (Daly, 1996) argued against attempts to decouple and maintain growth. Throughput of resources would need to be restricted and no longer increase, but again there could still be qualitative improvements in society. In a steady state economy, the physical amount of matter/energy going through the system is limited. He suggested that the market will allocate how it available resources are used but otherwise there were no real implications for business (other than perhaps implicitly that they would be as they are now). E.F. Schumacher's *Small is Beautiful* (1973) did address the nature of economic organisations and appropriate 'human-scale' technology. He assumed that smaller scale organisations would, by default, have less impact on the environment, and were more 'human' in their scale and impacts on human wellbeing. He did not, however, believe that every economic activity could or should be small. Rather he wanted to address the beliefs and trends towards 'bigger is always better' and apply, in a sense, subsidiarity, as well as Buddhist ethics.

Tim Jackson's *Prosperity without Growth* (2011, 2017) added to the limits of growth arguments the need to change consumer culture to reduce society's inherent need for growth (at least beyond a certain income level), and to focus on wider views and measures of human flourishing. This analysis, like Schumacher's, brought together the environment, social and economic dimensions. He incorporated literature on happiness and quality of life, bringing in arguments for the negative social and individual effects of the current growth 'paradigm', as well as alternative indicators of 'progress'. It was again, though, very much a macro-economic analysis and his comments on economic actors seem limited to seeing the role of entrepreneurs and business as necessary to find the 'social' innovations necessary to achieve this transition. The second edition makes reference to particular types of business, including social enterprises and those engaged in 'care, craft and culture' (Jackson 2017: 170). However, the motivations and incentives for business owners and managers, as well as the rules and frameworks within which they operate, were not the focus of this work.

Other authors, such as Dietz and O'Neill (2013) have developed Daly's steady state economy ideas. Dietz and O'Neill's study seems to support more co-operative and non-profit models as necessary parts of realising the desired end-point. However, support for creating new organisational forms and motivations does not appear in a list of the top 15 policies for creating a steady-state economy. Liesen *et al.* (2015) makes some reference to this issue, but more work is needed in order to gain a better understanding of sustainable growth from a practitioner perspective.

### The sustainable growth survey

The project team drew on the literature survey and previous studies to develop a short online survey on sustainable growth. The survey was publicised to SMEs in Oxfordshire and surrounding areas during May and June 2017. The aim was to learn something about the experience and views of SMEs on environmental issues, as well as more general business issues, and to raise awareness of the two half-day workshops on 'green growth' which were to take place on 3<sup>rd</sup> and 7<sup>th</sup> July 2017. The survey attracted very few number of responses (14), although those who did respond all answered in full. The full responses suggest that while the survey design was appropriate, the main problem was in attracting sufficient respondents. In addition, the team's experience suggests that direct web-based advertising via our intermediary, Oxfordshire Business Support (OBS), posting on relevant web / Facebook / LinkedIn pages, and the use of personal contacts was more effective than the survey in recruiting workshop participants. While no firm conclusions could be drawn from this small sample, some of the responses highlighted interesting issues, which are reported in brief below:

- **Business characteristics:** Most respondents (8) were from businesses with between one and nine employees, with the rest evenly split between being sole traders (3) and businesses with 10-49 employees (3). The SMEs' business sectors were varied, with four being in the professional and scientific sector, three in agriculture or another primary sector, and two in retail. Ten of the businesses were wholly or mainly controlled by members of a family.
- **Growth plans:** All businesses aimed to grow over the next three years, with 12 planning to 'expand moderately', and two to 'expand significantly'. Respondents were asked about a range of actions they planned to support their growth. The most popular response was 'develop and launch new products / services' (11), followed by capital investment (8), increase the skills or size of the workforce (6), introduce new working practices (5), with increasing the leadership skills of managers attracting the lowest number of responses (3).
- **Environmental practices:** The most popular current actions being undertaken to make the business more resource efficient were: minimising waste (9), reusing waste or material within the company (9), saving energy (9) and saving materials (8). Respondents were asked to indicate the three main reasons for undertaking these actions. These were: environment as a top company priority (10), cost savings (6) and creation of a competitive advantage or business opportunity (3). Eight companies said they currently offered products or services which helped reduce their customers' or clients' environmental impacts.
- **Carbon footprints:** Undertaking carbon footprints or company greenhouse gas auditing was a minority activity. Three companies currently audit their carbon footprint, one of whom publicises the result. Of the other companies, two have considered auditing their carbon footprint.
- **Resilience and external threats:** Life in an SME seems to be defined by changes and challenges, with most businesses facing real threats over recent years, and most needing to take actions to improve resilience. The most commonly experienced threat was unstable market conditions (5), with infrastructure failures, extreme weather events and difficulty in recruiting staff each being identified as a problem by four businesses. It was notable that a third of respondents had experienced weather events serious enough to be described as a 'real threat' to their business. In terms of resilience, it was interesting that businesses

are primarily seeking to be more resilient by diversifying their activities, or adapting current business practices and partnerships, and that none has reduced existing activities or staffing levels.

Businesses that completed the questionnaire generally saw environmentally responsible operation as a priority, are typically already undertaking several resource efficiency actions, and all had growth plans in place. With a survey titled 'Growing Green', these are the types of respondent we would have expected. However, it was also notable that these businesses had a wide range of growth strategies in place. Innovation, in terms of introducing new products or services, was a key strength. Given this, it was perhaps surprising that only three businesses considered creating a competitive advantage or business opportunity to be one of their three top reasons for being resource efficient. This may be because they are strongly committed to being environmentally responsible for ethical reasons, a theme that was pursued in the pilot workshops.

### **The pilot workshops: overview and analysis of outcomes**

These two workshops brought together owners and managers of small and medium enterprises (SMEs) located in the Oxfordshire area. The workshops were designed to provide a space for participants to explore the role of values in the decisions they have made, and continue to make, about how to grow their business in an environmentally sustainable manner. The participants who attended were either already bringing the principles of environmental sustainability into their work practices, or were interested in doing so. This degree of selectivity was introduced for the pilot stage of the project in order to encourage more intensive and constructive interactions. The participants were recruited through the research partners' existing networks. Participants all shared a concern for living sustainably and had relatively high levels of knowledge about environmental issues such as climate change.

#### *Narrative Workshop methodology and structure*

The design of the discussions was based on the 'Narrative Workshop' methodology developed by Climate Outreach (Shaw and Corner, 2017). This design has been used successfully with a variety of audiences, including young people, faith groups, centre-right audiences, and the public in Wales, Scotland, India and across Europe. Narratives are widely recognized as powerful tools of communication. Meaning is created through language and it is in its narrative form that people most readily engage with and remember the meanings created through language (Hillier et al., 2016, Corner and Clarke, 2016). The methodology uses values as a bridge between an individual's day to day concerns and pressures and the abstract global problem of climate change. There are multiple definitions of what a 'value' is. We draw on the typical social-psychological definition of a 'guiding principle in the life of a person (Schwartz, 1992), and argue that values are distinct from beliefs or 'attitudes', in that they are relatively stable constructs that people bring to bear on many different situations, whereas attitudes are more malleable and may be situation-specific.

There is now a very robust body of evidence that shows people have a range of values, and may draw on different ones at different times, but certain types of values cluster together (while others conflict with each other). In particular, 'self-enhancing' values like wealth, status and power conflict with 'self-transcending' values like altruism and concern for the welfare of others (Schwartz *et al.*, 2012). This values-based framework has been applied to a variety of social groups in relation to environmental issue, including recent work on SME owner-managers (Williams and Schaefer, 2013; Williams *et al.* 2017). Promoting or 'priming' one type of value (e.g., by talking about the economic rationale for energy saving – a self-enhancing value) is likely to inhibit or weaken the prominence of competing values. As Cohen put it, 'The moral person leaves the room when *Homo Economicus* enters. Each of the two certainly has a role, but they cannot be seated at the same table.' Cohen, 2014).

The standard Narrative Workshop runs for between two and two and a half hours, and is divided into two parts. The first part of the workshop grounds discussion of climate change in the participant's values. The second part of the workshop builds on the subjective understanding of climate change developed in the first part to explore attitudes to different policy and campaign narratives. This structure was largely retained for the 'Growing Green' workshops, with changes to the content to focus on the topic of the role of values in developing and maintaining the principles of environmental sustainability for small and medium enterprises.

The workshops began with a discussion of the values participants admired and felt most positive about, before moving on to talking about whether they felt these values were becoming more or less prevalent in society. The next part of the discussion asked participants to think about the extent to which they were able to enact those values in their business, what being sustainable meant to them, and what role their values played in the decision to grow their business in an environmentally sustainable manner. This first session ended with a future casting activity, exploring the extent to which participants felt that the need for businesses to operate sustainably was likely to increase in the future and what things might drive such a change. The second part of the workshop explored reactions to two sets of materials. The first of these materials was a short video discussing the support available and challenges faced by SMEs seeking to grow sustainably. The second activity asked participants to read two narratives on the tensions raised by the goal of environmentally sustainable growth. The two narratives were differentiated on the basis of the values employed in the language; one used self-enhancing value markers, the other self-transcending value markers. The participants were asked to mark words and passages they strongly agreed with in green and those they strongly disagreed with in red. This activity was followed with a plenary discussion of the choices made. (See **Appendix 1** for examples of the narratives used). Both workshops were audio recorded and some participants also took part in video recorded interviews following the main workshop sessions. The audio recordings were transcribed and a thematic analysis was carried out. The analysis and transcript extracts from both workshops have been amalgamated in the following presentation of the results.

### *Key themes from the thematic analysis*

The thematic analysis revealed a conflict between the self-transcending values associated with sustainability and the self-enhancing values correlated with seeking economic growth. This tension was evident in the way in which participants struggled to hold the two concepts in the same discursive space. Growth and sustainability were generally spoken of separately, and when they were brought together it was through the frame of 'balance' and the practical difficulties of achieving that balance. Thinking of sustainability and economic growth as points on a continuum, it can be useful to use the visual metaphor of a seesaw, with the mid-point between the two as the fulcrum. While it was possible to tip towards one end or the other, finding the point of equipoise was an ongoing challenge for participants. In this summary

### ***Communicating sustainability - the role of authenticity and integrity***

Communication was amongst the more important values listed by the two groups, and was a recurrent theme in both sets of workshop discussions.

Openness, alongside an ability and willingness to listen in a non-judgemental way were considered important at both a personal level and in business. This was seen as only possible in an environment which prioritises honesty, integrity and authenticity. As one participant noted:

"It shouldn't be more difficult to be open and honest in business than it is in personal life but unfortunately often it is because it is not just about your values as an individual but the broader organisational culture and the other people involved."

Being an SME was seen by more than one participant as making it easier, as compared to larger organisations, to be authentic and to communicate how your business activities embody your values:

"Bringing things down to the personal level in business is a good way to go as people invested in what you are trying to achieve."

"The need to present the business case for sustainability is key - finding the right language is important".

"As a small business it is easier to treat sustainability in the round because you can explore its meaning in conversation with your clients. You can't hide behind stats in those more up close relationships. I have discussions with clients saying well things

are going to cost more and you can see how far people will go, what level of sustainability they want to pay for.”

“It is difficult to be something different in order to be sustainable and thus unusual unless you have a very good way of communicating that.”

Communication with customers was also an important aspect of achieving environmentally sustainable growth, getting customers to understand why environmentally sustainable growth was necessary:

“I think it’s also tough because you’ve got your competitors who are going to be more hard nosed and go after the money so they are not going to care as much. And it is difficult to communicate to your essential buyers that you’re the one that’s caring whereas the other ones just want to make money and they will hard sell you to say they are doing all these things but it’s not necessarily true.”

One participant, producing sustainable beef, suggested that the move to a sustainable economy would come about once customers were given information about ‘whole cost accounting’, which brought externalities into the product price. This was countered by an environmental consultant who has worked with a variety of companies on process improvements; he argued that even procurement staff failed to understand the concept of whole cost accounting. For example, they would insist on buying inefficient light bulbs which needed frequent replacing, rather than investing up front in more expensive (LED) bulbs which would, in the longer term, save the organisation money.

In contrast to communicating the desirability of sustainable practices through numbers and spreadsheets, there was also discussion of the role of the SME owner as a communicator of their businesses sustainability through their own actions and values. The owner of a small vineyard explained what this meant for them:

“We decided we would invest in renewable technology because if nobody ever did it then there would be no research, no economic drive to develop that technology so it was a loss leader. No, not a loss leader. It was a loss. But we decided we would make that sacrifice. Solar panels, wood chip boiler. Not an easy ride. But we decided because we were in a position where we can do a little bit we would, put something into the system for future generations. It was a tough position. But I have shamelessly used it in my advertising. We are very customer-orientated, a very personal relationship with our customers. Ours is a quality product, not as cheap as others. So why buy from us? It’s the local food, low food miles, that we are embedded in the local community and a lot of them buy into it. We are surrounded by a wonderful bubble of customers who think the way we do. If we were bigger it would be harder because you lose that personal interaction. Getting them to understand why you are going on about environmental impact. It’s a personality thing, authenticity.”

“You have to stick to your guns on your beliefs about sustainability but sometimes you have to tailor the message to get buy in, maybe not make it about carbon or climate change. Use less energy equals less costs. So you achieve the same goals, you are true to your values”

Compare that with the problems of communicating sustainability encountered by an SME which travels the country - rather than being rooted in one location - selling energy saving solutions to the owners of pubs, restaurants and small hotels:

“We don’t promote sustainability - we save people time and money. Wedging in sustainability to our marketing would be a distraction, not a selling point.”

*What does sustainability mean to SMEs?*

Bringing the conversation round to what people understood by the term ‘sustainability’ began to open up some of the tensions SMEs are trying to navigate when confronting the conflict between self-enhancing and self-

transcending values. Overall there was a sentiment that the term 'sustainability' is misused and misunderstood, in order to protect the profit- maximising activities of businesses. For example, a consultant working to improve company systems did not see sustainability as a principle that was changing how companies operate.

"A lot of companies bought into it, but what does that actually mean? Logistics - they say we do green logistics but what they mean is they do offsets. That isn't environmental sustainability. That isn't reduce, recycle, reuse. There is no point causing harm and then saying, now we are offsetting it. You should avoid doing the harm in the first place."

There was also a shared unhappiness at the way the sustainability label was being misused by large companies, perhaps because the misuse is in contrast to the values of honesty and integrity highlighted as being so important:

"Philips batteries can claim to be recycled because they have 4% recycled content. But that's a big claim that you can put on the packaging. No one is going to read the small print. Companies won't act until regulation demands it. Things like these false claims make me really cross".

There was common agreement that sustainability is about much more than just the environment; that it is really about a different vision of the future:

"I have a problem with the term because I think sustainability management. For me sustainability is environmental, social and economic. It is all of those things. So environmental sustainability kind of misses the point for me. You need all three or it doesn't work".

"People, planet, profit. You can't have just one, you have to have all three. People think it is all about the environment and nothing to do with their business. Or them. And it's about the whole thing joined up."

#### *Balancing different facets of 'sustainability'*

When participants turned to the idea of joining up three pillars of sustainability (i.e. people, planet, profit), the discussion began to reveal the challenges of balancing different values. One of the key balancing acts was that between the short-term (self-enhancing) and the longer term (self-transcending) that emerged when people were asked what sustainability meant to them:

"Protecting, balance and long lasting. Balance also means balancing short term against long term (amongst other things)."

"Intergenerational. Sustainability is actually insufficient - people are getting overwhelmed by the enormity of it."

The above quote about being overwhelmed was accompanied by a story of a teenage girl at a sustainable food event breaking down in tears at the thought of what was being done to the planet. Balancing the *geographical* as well as *temporal* dimensions of sustainability also featured prominently in discussions, highlighting how difficult participants felt it was to enact self-transcending values in business:

"That's what we found starting up a sustainable fashion brand. So many brands saying sustainable or ethical but they only look at one aspect of it. "Our clothes are made in the UK" but where do you get your fabrics from? They aren't looking at all 3 factors. You need to do that is you want to be truly sustainable."



“Some of the papers we are providing are from the UK, some from Germany and then I have to think am I going to calculate the carbon footprint involved in bringing it in from Germany compared to raw sourced stuff from UK? There needs to be some way of comparing these things.”

“Products from the Far East are coming shelf ready, packed in a lot of cardboard. But that packaging equals additional weight that needs to be shipped. But they were making money from recycling the cardboard, it was built into the cost, so a huge disincentive to do the sustainable thing and import without the packaging”.

“We looked at importing wine in lightweight glass bottles to reduce the costs and impact of delivery but customer perceives it as not good quality wine so you can't sell it.”

Perhaps unsurprisingly, balancing profit and sustainability was a recurrent theme. This was especially apparent when participants discussed the two pre-prepared narratives, which were designed to present either very loaded self-enhancing language, or very loaded self-transcending language (Appendix 1):

“Sustainability means the ability to sustain a decent quality of life. It's about balance.”

“What stood out for me is the balance in everything. Yes and no. You can't leave everything to the private sector, you can't deregulate everything. That would be disaster.”

“So you have to have that balance and I think it's quite tough. Otherwise you are a social enterprise or a charity.”

One sole trader was able to separate the work he did driven by his self-transcending values from that done simply for income, and signalled the distinction with his own personalised labelling:

“When I am not working with those larger organisations as part of what I call my 'Karma Project', I work with smaller organisations to enable them to compete on a competitive footing but not using those practices, and I try and impress on larger clients the problems with their distribution processes but it's a compromise because if you push too hard they are going to say, we are not going to employ him anymore. But a few good contracts mean I can work for free for small organisations, but where does that leave me? It's a compromise.”

*Can SMEs, as a vehicle for the values of their owners, drive social change?*

Towards the end of the workshops, the discussion was moved on to practical issues and both groups spent time talking about what changes might make it easier for them to operate sustainably. There was little sense that SMEs under the leadership of people with values aligned with the goals of sustainability would become a vehicle for change. The more common view was that SMEs could only respond to changes societal values, expressed either in the form of new regulations, changed consumer habits or a power shift towards the younger generation of millennials:

“You have to remove choice. You need new standards that make old practices no longer acceptable.”

“Look at the Mayor of London's transport plans for zero emissions by 2050. That means I can say to clients: 'You are delivering using diesel vans at the moment. That is really inefficient. What are you going to do about it? You need to start thinking about it because of these plans.'...”

“House builders are driven by regulation and cost saving”.

There was a common sentiment that younger people's values were more aligned with sustainability, and that there was some grounds for optimism as these new generations passed through a more environmentally-aware education system, exercised choices in the marketplace and established their own businesses:

"Education as the answer to this trend? Yes, I learnt about it in university and that was a game changer."

"Consumers looking for truly ethical companies and practices. Especially young people."

"Young people are the change."

"People in my work not worried if it will save the planet, they are only interested if it will save them money - small pubs, restaurants, hotels. The people I have been meeting are in their 60s and 70s and just want a comfortable retirement. But in the last few years, younger people are taking on these failing establishments, trying new things, and finding sustainability sells to millennials. So the next 5-10 years will see a big change."

## **Concluding discussion**

The pilot workshops provided a useful test of all aspects of the engagement model, including participant recruitment, workshop structure, content and format, and other communication tools (e.g. the use of narratives and video extracts to promote discussion). The outcomes are being disseminated in a variety of ways, including conference presentations, working papers and an ESRC Festival of Social Science event. These should provide opportunities to obtain valuable feedback from academics, practitioners and policy-makers.

The thematic analysis of workshop interactions indicated a wide range of perspectives on sustainable growth. The degree of variation was quite striking, given that all of the businesses represented in these pilots were already to some degree engaged with environmental sustainability. The two businesses that were rooted in a particular place, with connections to community and land, offered the most hopeful narratives about being able to express their values through their businesses. The other SME that voiced a particularly positive vision around their ability to be sustainable was a start-up business, which was building a business model on strong principles of sustainability. All three SMEs that were the most positive were also working directly with end-consumers. By contrast, SMEs that were providing services to larger organisations, were generally less hopeful about the ability to align the business with their values as an individual change.

The present paper reports the initial outcomes from the pilot phase of this engagement project. The interim findings are subject to a number of limitations, including the relatively small scale of the online survey, the small number of workshops undertaken to date, and the relatively narrow range of SMEs engaged in this process. Given the broadly positive outcomes of the project to date, the project team hope to build on these outcomes in a second phase of the project. This phase will include: a much larger preliminary survey; a more fully-developed workshop design with additional resources to prompt discussion (e.g. pre-prepared narratives and video extracts); a wider range of SME owners and manager participants, both in terms of industry sector, business location and pre-existing views on the environmental responsibility and impact of business. The academic underpinning of the project will also be broadened and deepened in order to explore the potential for further integration of the contributing disciplines.

A raft of new policies will be needed to ensure the UK government achieves the targets laid out in the fifth carbon budget (Committee on Climate Change, 2016). This project has the potential to contribute to future policy initiatives by building deeper understanding of SME perspectives on the implications of this legislation for their own growth trajectories, combined with a new evidence-based engagement model.

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## Appendix 1 - Workshop Narratives

The two narratives are reproduced here in an annotated version showing how values could be elicited from words and phrases in the text. During the workshop, participants were invited to comment on un-annotated copies of these narratives.

### (a) Self- enhancing narrative

#### Self enhancing values - key words

*Social recognition; wealth; authority; social power; preserving my public image; achievement; ambitious; successful; family security; social order; independent; self-respect.*

The primary **responsibility** [authority] is to ensure the business remains **profitable and continues to grow** [successful/achievement] so the staff have a job. People have to be able to **pay the mortgage, provide for their family and ensure their family has a secure future** [family security/preserving my public image]. I am not against being environmentally sustainable - I think it is important to do things like use less energy and reduce waste because it will save the business money. And **no one wants to be thought of as someone whose business is wrecking the planet** [preserving my public image]. But there is no point being green if it is going to **bankrupt the business** [wealth/successful]. In the end it is about getting the right **balance** [social order] between growth and being environmentally sustainable. It is **business people who are best placed to make those decisions** [independent] about balancing growth and the environment, rather than **being dictated to by government** [authority/independent]. **People who have built a successful business are contributing to society and paying their taxes.** [social order]. They shouldn't be **portrayed as bad people for generating wealth** [social recognition/self respect/preserving my public image]. In the end people only worry about the environment when they are feeling well off so the important thing is for **businesses to be left free to grow** [independent] and **generate tax revenue to pay for the green policies** [social order].

### (b) Self-transcending narrative

#### Self-transcending values - key words

*Protecting the environment; social justice; a world of beauty; equality; a world at peace; spirituality; responsibility; openness to change*

**There is more to life than just making money** [spirituality], and business has a critical role to play in addressing climate change and other environmental problems. Small businesses have always been at the forefront of **innovation and change** [openness to change], and those are qualities that environmentally sustainable growth demands. **All sectors of society should contribute** [equality] to **protecting nature**, [a world of beauty/protecting the environment] not only for ourselves, **but for future generations as well** [responsibility/equality/social justice]. It is only **fair** [social justice/equality] that **responsibility** [responsibility] for safeguarding the planet is **shared equally** [social justice]. We are lucky in the UK but many people in the world are already **suffering from the pollution** [protecting the environment/a world of beauty] we are causing so if we can do something to **reduce our impact on the environment** [protecting the environment], even if it means spending a bit more on green products. We need the **government to regulate industry so it is fair for everyone** [social justice], **a level playing field** [equality]. We should be able to leave behind us a **cleaner and greener world** [a world of beauty/protecting the environment] and if that means reaching a balance where there is less economic growth but **a more caring, peaceful and stable future** [a world at peace/social justice] then that is a price worth paying.